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SUBJECT: CENTRAL AFRICAN LEADERS CONFRONT ECONOMIC CRISIS

11. SUMMARY: The heads of state of the Central African Economic and Monetary Community (CEMAC) met in Libreville to discuss regional implications of the current world economic crisis and to plan concerted measures to deal with the crisis. Also on the agenda were the estimated USD 584 million investment loss of the Bank of Central African States, the creation of a regional airline company, and a pooled contribution of USD 16 million to assist with the peace process in the Central African Republic. END SUMMARY.

12. CEMAC convened an extraordinary summit of its heads of state to examine regional effects of the current world economic crisis and to identify ways to confront the crisis. In the short-term, the leaders agreed to organize a regional conference later this month, bringing together Ministry and industry representatives of the sectors most affected by the crisis. Conference participants will be charged with developing a set of short- and medium-term measures to deal with the crisis.

13. In terms of a long-term, structural response to the world economic crisis, the CEMAC heads of state agreed to maintain and reinforce the administrative, judicial, and commercial reform process undertaken at the Heads of State Summit in June 2008, notably the CEMAC Regional Economic Program (PER/CEMAC), which focuses on five economic sectors as engines for regional economic diversification: energy, agriculture, forestry, fisheries, and mining. The long-term structural reforms agreed upon also include a push for greater freedom of movement of CEMAC citizens throughout the CEMAC zone, the issuing of government bonds to raise capital for large-scale national investment projects, the creation of a fund to support small business development, and banking reforms aimed at increasing access to long-term credit.

14. The assembled heads of state also addressed the issue of the estimated USD 600 million lost on investments made by the Bank of Central African States (BEAC). [NOTE: The time period of the loss has not been released. END NOTE.] The investments were made for the most part through the French Societe Generale des Banques. The leaders called for a general audit of the central bank's operations as well as a specific audit of investment operations. At the same time, the heads of state agreed to suspend all investment activity until further notice, with the goal of "preserving the credibility and stability" of BEAC.

15. The CEMAC leaders made two additional decisions not directly related to the world economic crisis. First, they agreed to provide USD 16 million to the Central African Republic, aimed at assisting that country's peace process, namely the disarmament, demobilization, and rehabilitation of former rebel fighters. Second, they agreed to continue negotiations with South African Airways and other potential economic partners towards the establishment of a regional air carrier, Air CEMAC, as well as continue the process of identifying the future headquarters of the airline.

16. COMMENT: The process toward economic integration in Central Africa continues, albeit by fits and starts. While similar conferences in the region have produced impressive plans and projects, the record of achievements on the ground has been less

than stellar. If nothing else, however, this meeting demonstrated that Central African governments at the highest levels have finally accepted that they are confronted by a serious crisis that will require a concerted and sustained response. Whether the measures proposed by the CEMAC heads of state will be sufficient remains an open question. END COMMENT.

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